

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2022 Second Round

September 28, 2022

Parkside Apartments, located at 442 North Kellogg Street in Lake Elsinore, requested and is being recommended for a reservation of \$1,189,014 in annual federal tax credits to finance the acquisition & rehabilitation of 36 units of housing serving seniors with rents affordable to households earning 30%-60% of area median income (AMI). The project will be developed by Dawson Holdings, Inc. and is located in Senate District 28 and Assembly District 67.

The project will be receiving rental assistance in the form of USDA Section 521.

Project Number CA-22-067

Project Name Parkside Apartments
Site Address: 442 North Kellogg Street
Lake Elsinore, CA 92530 County: Riverside
Census Tract: 430.060

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,189,014	\$0
Recommended:	\$1,189,014	\$0

Applicant Information

Applicant: DHI Parkside Apartments, LP
Contact: Justin Solomon
Address: 7250 Redwood Blvd, Ste 214
Novato, CA 94945
Phone: (415) 609-5352
Email: jsolomon@d-h-i.net

General Partner(s) / Principal Owner(s): DHI Parkside Associates, LLC
Community Resident Services
General Partner Type: Joint Venture
Parent Company(ies): Dawson Holdings, Inc.
Community Resident Services
Developer: Dawson Holdings, Inc.
Investor/Consultant: R4 Capital LLC

Project Information

Construction Type: Acquisition & Rehabilitation
Total # Residential Buildings: 9
Total # of Units: 37
No. & % of Tax Credit Units: 36 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: USDA Section 521 (31 Units - 86.12%)

Information

Set-Aside: N/A
Housing Type: Seniors
Geographic Area: Inland Empire Region
CTCAC Project Analyst: Cynthia Compton

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percent of Required Affordable Units</u>
At or Below 30% AMI:	4	10%
At or Below 45% AMI:	11	30%
At or Below 50% AMI:	9	25%
At or Below 60% AMI:	12	30%

Unit Mix

36 1-Bedroom Units
<u>1 2-Bedroom Units</u>
37 Total Units

<u>Unit Type & Number</u>	<u>2022 Rents Targeted % of Area Median Income</u>	<u>(including utilities)</u>
4 1 Bedroom	30%	\$495
11 1 Bedroom	45%	\$742
9 1 Bedroom	50%	\$825
12 1 Bedroom	60%	\$990
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,740,000
Construction Costs	\$0
Rehabilitation Costs	\$6,668,658
Construction Contingency	\$728,790
Relocation	\$40,370
Architectural/Engineering	\$180,000
Const. Interest, Perm. Financing	\$399,210
Legal Fees	\$155,000
Reserves	\$119,317
Other Costs	\$788,423
Developer Fee	\$1,327,400
Commercial Costs	\$0
Total	\$12,147,168

Residential

Construction Cost Per Square Foot:	\$258
Per Unit Cost:	\$328,302
True Cash Per Unit Cost*:	\$328,302

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Bonneville Construction Loan	\$8,000,000	Bonneville Permanent Loan	\$710,000
USDA-515 Loan	\$631,865	USDA 515 Loan	\$631,865
Deferred Development Fees	\$411,977	Acquired Replacement Reserve	\$70,528
Tax Credit Equity	\$3,103,326	Deferred Developer Fee	\$390,354
		Tax Credit Equity	\$10,344,421
		TOTAL	\$12,147,168

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$9,952,870
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$613,200
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$12,938,731
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$613,200
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$1,164,486
Maximum Annual Federal Credit, Acquisition:	\$24,528
Total Maximum Annual Federal Credit:	\$1,189,014
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,327,400
Investor/Consultant:	R4 Capital LLC
Federal Tax Credit Factor:	\$0.87000

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	Seniors
Self-Score Final	21.115%
CTCAC Final:	21.115%

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

CTCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of CTCAC.

The applicant must pay CTCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, CTCAC requires the project owner to pay a monitoring fee before issuance of tax

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within CTCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by CTCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by CTCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Points Awarded
Owner / Management Characteristics	10	10
General Partner Experience	7	7
Management Experience	3	3
Housing Needs	10	10
Site Amenities	15	15
Within ½ mile of transit station or public bus stop	4	4
Within ½ mile of public park or community center open to general public	3	3
Within ½ mile of public library	3	3
Within ½ mile of a neighborhood market of at least 5,000 sf	3	3
Within ½ mile of medical clinic or hospital	3	3
Within 1 mile of a pharmacy	1	1
Service Amenities	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES		
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7
Health & wellness services and programs, minimum 60 hrs per 100 bdrms	3	3
Lowest Income	52	52
Basic Targeting	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2
Readiness to Proceed	10	10
Miscellaneous Federal and State Policies	2	2
Smoke Free Residence	2	2
Total Points	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.